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November 6, 2002

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Mr. J. Tyler Carlson, Regional Manager  
Western Area Power Administration  
P.O. Box 6457  
Phoenix, AZ 85005-6457

Dear Tyler:

Enclosed are the comments of the Arizona Power Authority (Authority) on Western's proposal to market Parker-Davis Project resources as published in the Federal Register on August 8, 2002. The Authority believes that Western and Reclamation should first quantify the project use load and the expected capacity of the powerplants after the rewind program is completed before making a determination that 94 percent, or any other percentage, will be renewed to the existing customers. The Authority also believes that the existing customers have enjoyed this resource for at least 30 years, and that Western should not blindly renew any quantity to the existing customers before it assesses the needs of the existing and potential customers through a complete reallocation process. Only through this process can Western assure itself that the public interest is being fully served by allocations of Parker-Davis Project power.

Sincerely,

Joseph W. Mulholland  
Executive Director

Enclosure

A640#114/WesternProposalMarketP-D

WRITTEN COMMENTS  
OF THE  
ARIZONA POWER AUTHORITY

IN RESPONSE TO

WESTERN AREA POWER ADMINISTRATION's  
PROPOSAL TO EXTEND ELECTRIC POWER RESOURCE  
COMMITMENTS BY APPLICATION OF THE  
ENERGY PLANNING AND MANAGEMENT PROGRAM  
POWER MARKETING INITIATIVE

1 The Arizona Power Authority (Authority), a body corporate and politic (formed pursuant to  
2 Arizona Revised Statutes, Section 30-101 et seq.) is authorized to formulate plans and develop  
3 programs for the practical, equitable and economical utilization of electric power developed from  
4 the waters of the main stream of the Colorado River by the State, or the United States, or any  
5 agencies thereof. The Authority appreciates the opportunity to provide comments to the Western  
6 Area Power Administration (Western) on the proposed action as published in the Federal Register  
7 at 67 FR 51580-51581 dated August 8, 2002.

8  
9 The Authority is a Federal preference customer pursuant to the criteria established by the Boulder  
10 Canyon Act of 1928 (45 Stat. 1057, as amended, 43 U.S.C. et seq.); section 5 of the Flood Control  
11 Act of 1944 (58 Stat. 890, 16 U.S.C. 825s) and affirmed inter alia in 41 Op. Atty. Gen. 236, 244  
12 (1955) re: disposition of power from Clark Hill Reservoir Project (see also 10 CFR 905.35).  
13 Although the Authority is not presently a Parker-Davis Project (P-DP) customer,<sup>1</sup> the Authority  
14 desires to apply and be considered for an allocation of P-DP power pursuant to the implementation  
15 of Energy Planning and Management Program (EPAMP) now under consideration by Western. It  
16 is within this context that the Authority offers the following comments on Western's proposal.

17  
18 The Authority understands and is sympathetic to Western in its desire to implement an extension of  
19 existing electric service contracts among Western and the present P-DP customers. However, we  
20 are concerned that the P-DP resource has changed considerably since Western developed and  
21 implemented the present marketing plan as promulgated in the Conformed General Consolidated

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<sup>1/</sup> The Arizona Power Authority has previously been a recipient of Federal power produced at Davis Dam (176r-537 dated June 16, 1949, as amended and supplemented).

1 Power Marketing Criteria or Regulations for Boulder City Area Projects (49 FR 50582-50591  
2 dated December 28, 1984) (Plan). For example, the operation of the Colorado River below  
3 Hoover Dam which impacts Davis and Parker Dams, has been modified due to environmental and  
4 ecological issues within the geographical area of those three dams and powerplants. Further,  
5 major replacement and rehabilitation work is underway at Davis Dam Powerplant which may  
6 result in differing amounts of capacity at the powerplant from the generator rewind program that  
7 will have to be quantified by test. In addition, it is our understanding that either once the  
8 rehabilitation work is completed, or concurrent with the work at Davis Dam and Powerplant,  
9 similar generator rewinds are to be done at the Parker Dam Powerplant. Consequently, the amount  
10 of P-DP resource available to be extended under this proposal likely may not be the same as was  
11 marketed in 1984 under the Plan. Hence, the 16.675 MW and 57.378 MWh available for the  
12 Summer Season pool (6% of Summer Season capacity and energy allocated pursuant to the Plan)  
13 and the 12.460 MW with 21.219 MWh of Winter Season capacity and energy available for the  
14 resource pool may change. These amounts may again be modified depending on the characteristics  
15 of the resource.

16  
17 The Authority believes that it is in the best interest of the government, the existing P-DP customers  
18 and potential customers for Western and the Bureau of Reclamation (Reclamation), the owners and  
19 operators of the P-DP generation resources, to determine and specifically quantify the seasonal  
20 resource that is available for possible contract extension and the amount that will be available for  
21 allocation from the resulting resource pool. Furthermore, the Authority submits that both Federal  
22 agencies should exercise their authority in determining the actual needs of the existing P-DP power  
23 recipients.

24  
25 Reclamation should identify the amount of capacity and energy reserved by Reclamation for  
26 project purposes. During the development of the present Advance of Funds contracts, there was  
27 considerable discussion about the actual, coincidental load that could be placed upon the P-DP by  
28 project uses. Reclamation, the project use customers, and Western agreed to perform a study of  
29 the resource and report the results, which to date has not been accomplished.  
30

1 Western should then assure themselves, the customers and potential customers that the 1984  
2 allocations are being fully utilized by the recipients and that excessive allocations are not being  
3 withheld from the resource pool. The Authority submits that any of the P-DP resources that were  
4 allocated and not historically used should be recaptured by the Federal government and placed  
5 into the resource pool for further allocation.  
6